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PM: Limited scope today

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'It is harder to stimulate the economy now unlike 2008'

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KUALA LUMPUR: Unlike the 2008 global financial crisis, Malaysia today has a more limited public fiscal scope to stimulate the economy, said Prime Minister Datuk Seri Najib Tun Razak.

Najib said stimulus packages of RM7bil and RM28bil were allocated in 2008 but the Government today is constrained by the goal to reduce the country's fiscal deficit and sovereign debt levels.

But he said trying to get Malaysians to understand why these measures were necessary was a huge challenge and was sometimes almost a losing battle.

"When the price of petrol goes up we get the blame, when it goes down they say it's market forces. So you really never win," said Najib during the closing of the Khazanah Megatrends Forum 2015 at the Mandarin Oriental Hotel.

But he said the Special Economic Committee he formed recently was taking measures to boost the economy and this included turning to the corporate sector.

He said the Malaysian corporate sector has a healthy balance sheet.

Najib added that government-linked companies (GLCs), boosted by the GLC Transformation Programme, were well positioned to drive economic growth.



Looks good: Najib browsing through the book during its launch after closing the Khazanah Megatrends Forum 2015. Looking on are (from left) Khazanah Nasional Bhd deputy chairman Tan Sri Nor Mohamed Yakcop, Minister in the Prime Minister's Department Datuk Seri Wahid Omar and Khazanah managing director Tan Sri Azman Mokhtar.

"I call upon them, in the spirit of their national development mandate, to invest more in the future, in research and development, and in innovation to drive the country forward.

"These corporations have 'the capacity; I want them to play their part," he said.

He said that externally, Malaysia was impacted by the devaluing Chinese yuan, anticipated interest rate hike in the United States along with declining commodity prices.

Najib said China's growth was

decelerating, the US growth lower than expected while the Eurozone was not out of the woods yet.

"Never before in our history have so many external events occurred at once. They have had an effect on our economy, with a slight downtick in growth, below the 5% and 6% that was envisioned," he said.

He said these factors made it more vital for Malaysia to transition into an innovation economy to meet these external challenges.

Najib said the Government was also looking at creating a platform to

assist Small and Medium Enterprises (SMEs) to innovate and to scale up their business processors to improve their revenue and market share.

Equally important was emphasizing science, technology, engineering and mathematics subjects and English language in education, he said.

"The need to be proficient in English is paramount but we are not quite there yet," he said.

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